Shortage of LPG in Chhindwara, Madhya Pradesh

†2450. MISS ANUSUIYA UIKEY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the total number of LPG connection holders in Chhindwara district in Madhya Pradesh and the total monthly consumption of LPG;

(b) whether LPG is being supplied to the distributors and by them to the consumers readily as per the demand/consumption of the same;

(c) if so, reasons for shortage of LPG in this district; and

(d) the action taken on any information received from any quarter including representatives of people with regard to shortage of LPG in the district?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) As on 1.4.2008, Public Sector Oil Marketing Companies have reported that they are serving 104584 consumers in Chhindwara District in Madhya Pradesh and the total monthly consumption is 771.4 MTs.

(b) to (d) Public Sector Oil Marketing Companies (OMCs) have reported that at present, there is no overall shortage of LPG in the country, including in Chhindwara in the State of Madhya Pradesh and LPG supplies to distributors are being made by the OMCs through indigenous production and imports in accordance with the genuine demand of customers registered with the LPG distributors.

However, OMCs had reported backlog in LPG supplies in certain States in the country due to a combination of factors *viz.*, reduction in supply of bulk LPG compared to the target by Reliance Industries Limited (RIL) & Essar Oil Limited in January-February, 2008, delay in movement of bulk LPG by rail from Jamnagar to the Northern Region, increased demand in the States due to severe cold which resulted in panic booking by the customers, strikes by contract labour, agitational activities, delays in berthing of vessels at Haldia Port due to reduced draft, bandhs etc.

Government had advised OMCs to liquidate the backlog in the country by operating the bottling plants on holidays and during extended hours. Increased bottling is also being done during the working days for early clearance of backlog.

OMCs have not reported any backlog in supply of LPG in the country. OMCs are monitoring the situation on a day-to-day basis and corrective action being taken wherever required.

Market regulator for gas

2451. SHRI SYED AZEEZ PASHA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether any proposal is under consideration for an autonomous market regulator for pricing of natural gas for the domestic market;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

† Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) No, Sir.

(b) Does not arise.

(c) The price of Administered Price Mechanism (APM) gas is decided by the Government. The price of gas produced under pre-NELP contracts is determined in terms of the provisions of the Production Sharing Contract between Government and the Joint Venture Consortium. As regards the gas from NELP fields, prior approval of Government has to be obtained for the formula or the basis on which the price is fixed. Price of Liqiefied Natural Gas (LNG) imported under term contracts is governed by the Sale Purchase Agreement between the LNG seller and the buyer. Spot cargoes are purchased on mutual agreeable commercial terms.

Taxes on petrol and diesel

2452. MS. SUSHILA TIRIYA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there is a proposal to cut taxes on petrol and diesel;

(b) if so, the details thereof;

(c) whether consumers have to bear the burden of the increasing crude oil prices; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) In the Union Budget 2008-09, the *ad-valorem* component of excise duty on unbranded petrol and unbranded diesel has been abolished and converted to a specific duty of Rs. 14.35 and Rs. 4.60 per litre respectively, with effect from 1.3.2008.

(c) and (d) The international prices of crude oil and petroleum products have remained high and volatile since 2004. As passing on the entire impact of the increase in the oil prices to the consumers would have resulted in acute hardship to the common man, the retail selling prices of sensitive petroleum products namely petrol, diesel, domestic LPG and PDS kerosene have not been increased in tandem with the international oil prices. Due to this, the Public Sector Oil Marketing Companies (OMCs) are incurring under-recoveries on domestic sale of these sensitive petroleum products. To deal with the steep escalation in international oil prices, the Government has adopted the principle of "equitable burden sharing" between the Government, the oil PSUs and consumers to protect the interests of the common man and vulnerable sections of society, as also the financial health of OMCs.

In this context, the Government has made a marginal increase in petrol and diesel prices by Rs. 2/litre and Re. 1/litre respectively with effect from 15.2.2008, which is actually in the nature of a restoration of the retail prices of these products to the price level operating before February, 2007. Even after this, it is estimated that the OMCs have suffered under-recoveries of over Rs. 70,000 crore on the sale of these products during 2007-08. Despite the steep increase in the international oil prices, the prices of domestic LPG and PDS Kerosene have not been increased since November, 2004 and March, 2002 respectively. The Government has issued Oil Bonds and the Upstream Oil Companies have also contributed by offering discounts on crude oil and petroleum products to partially compensate the under-